

## **More than numbers – a shared value approach to social impact assessment**

*The consideration of social impact is moving from a peripheral concern towards becoming a central consideration for business sustainability (Porter & Kramer, 2011<sup>1</sup>). This paper explores this emerging interest in the planning and development context, identifying a new 'generation' of SIA practice, and looks at opportunities for integrating social value more fully within the business of development.*

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### ***Generations of SIA thinking and practice***

Social Impact Assessment (SIA) processes, including Social Impact Management Plans, are the bread and butter of many planning professionals and are central to assessing, monitoring and managing the social impacts of diverse projects and developments around the world. In the planning and development sector SIA is primarily positioned as part of the environmental impact assessment process, and is a well-established and widely used practice.

In this context the Planning Institute of Australia (PIA) defines SIA as “ . . . *the assessment of the social consequences of a proposed decision or action, namely the impacts on affected groups of people and on their way of life, life chances, health, culture and capacity to sustain these*”. In its 2010 position statement<sup>2</sup>, PIA champions the importance of considering social issues for planning and development projects, and outlines key principles for ensuring the quality of SIA outputs.

The PIA position statement references and draws on the principles for SIA developed by the International Association for Impact Assessment (IAIA)<sup>3</sup>. This broader and principles-focused definition (2003) stresses that - along with the processes of analysing, monitoring and managing intended and unintended social consequences - that the primary purpose of SIA is to bring about a more ecologically, socio-culturally and economically sustainable and equitable biophysical and human environment.

This innovation in SIA thinking reflects a greater focus on undertaking more participatory assessments and engaging communities more fully in the whole process of development. The IAIA argues that important features of SIA therefore include:

- promoting community development and empowerment, building capacity and developing social capital;
- taking a proactive stance to better development outcomes (not just identification or amelioration of negative or unintended consequences), working with communities to maximise positive outcomes;
- building on local knowledge and utilising participatory processes;

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<sup>1</sup> Porter, M. & Kramer, M. (2011, January). Creating Shared Value. *Harvard Business Review*. Retrieved from <http://hbr.org/2011/01/the-big-idea-creating-shared-value>

<sup>2</sup> See <http://www.planning.org.au/documents/item/250>

<sup>3</sup> See <http://www.iaia.org/publicdocuments/special-publications/SP2.pdf>

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- involving stakeholders in the assessment of social impacts, the analysis of alternatives and monitoring of planned interventions; and
- application to a wide range of situations, not just within a regulatory framework.

However, SIA is now gaining greater attention as a process that has potential to integrate the ‘social’ even more fully into planning and development. Some of the changes underpinning this focus on social impact include:

- (1) **social impact measurement** is increasingly taking centre stage for funders, and for service delivery agencies, and it has become clearer that ongoing monitoring and evaluation needs to be planned into any processes that are to deliver social benefit;
- (2) constituents, community members, citizens are increasingly recognized as essential partners in the planning, design and delivery of social impact, and as such methods of **co-production** and **co-design** are more readily being adopted across the development process;
- (3) the inclusion of social benefits are increasingly considered as **part of strategic decision-making** in traditionally fiscally aligned activities such as procurement and investment; and
- (4) the consideration of social impact has started to move from a peripheral position in planning towards being **core to the business’** sustainability strategy.

In responses to these changes, the assessment of social impact has evolved significantly over the past decade - moving beyond being seen as a framework focused on planned mitigation of negative impacts, ie. AVOIDING negative social consequences; and incorporating but going beyond a focus on participatory processes that seek to consider triple-bottom-line considerations (but primarily separately); to a more strategic focus on exploring how positive social impacts can actually be GENERATED through planning and development projects.

Of course this is not an ‘either-or’ choice - social impact assessment processes need to consider both mitigation and generation - and the whole concept may seem a bit ‘Pollyanna’ in light of the tensions and contradictions that can exist between generating economic value and creating positive social impact. This notwithstanding, social impact has moved from being seen primarily as a negative screening tool, to holding a more strategic position that is gaining attention as an important process for generating shared value.

This evolution of SIA thinking and practice is conceived as ‘generations of impact’, as outlined in figure one.

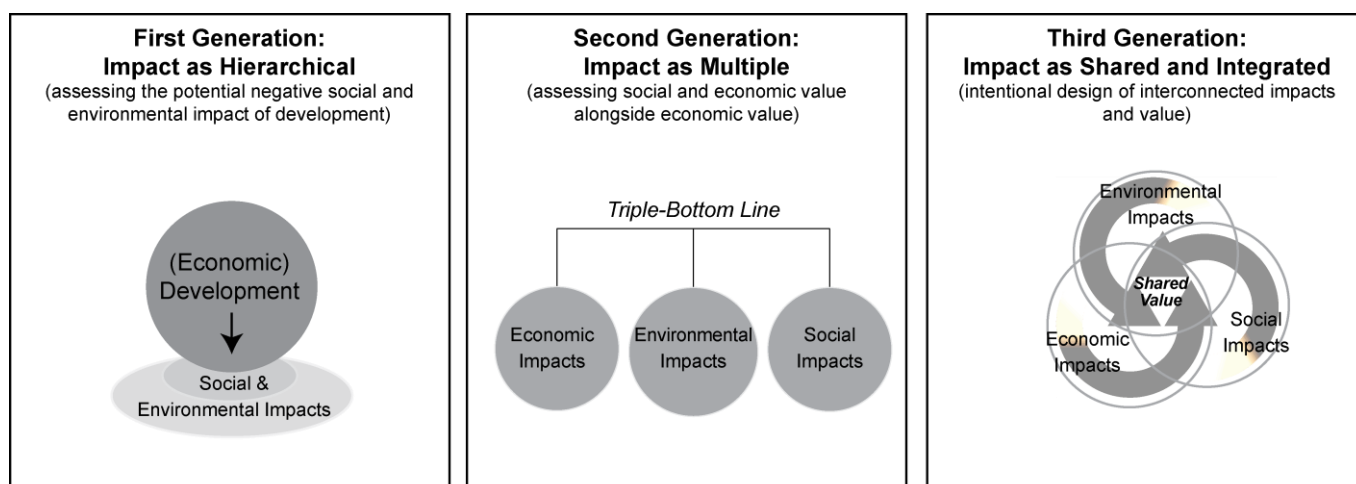


Figure 1: Three 'Generations' of Impact

### **Shared value**

The central premise behind creating shared value is that the competitiveness of a business and the health of the communities around it are mutually dependent. Porter and Kramer argue that embedding this approach has the potential to transform innovation, business and society, and that shared value involves:

“. . . creating economic value in a way that also creates value for society by addressing its needs and challenges . . . shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the centre” (2011, p4).

Through the development of newer frameworks, proponents argue that businesses should be exploring the potential for creating measurable business value by identifying and addressing social problems that intersect with their business (see for example, [www.sharedvalue.org](http://www.sharedvalue.org)). In addition to intentionally seeking to generate positive social impact, this approach includes exploring potential economic, social and environmental impacts to identify opportunities to create positively reinforcing relationships between them, rather than seeing them as necessarily competing with each other (see for example, Cadman and Bildfell, 2012<sup>4</sup>).

### **What does this mean in practice?**

For planning and development professionals, 'third generation' SIA thinking and practice is based on seeing the process as integral to project development. Integrating the shared value framework moves the focus from compliance, to working with stakeholders throughout project planning and delivery to identify opportunities to generate shared value, rather than just avoid potential negative consequences.

This includes challenging the notion that there will always be trade-offs between economic benefits and social or environmental impacts. It asks us to do more than consider social impact alongside economic and environmental value. It asks us to look for ways in which we can actively foster their integration and build positive feedback loops between the types of value generated. This may not be possible for all projects, and it may not be possible across all three value dimensions, but our roles should include identifying the best balance that can be achieved for each given context.

Again, this may sound a bit 'Pollyanna', as those involved in SIA processes know well the realities of convincing internal project teams and/or external clients of the value of adequately resourcing a project's SIA activities. Indeed, PIA identifies that in

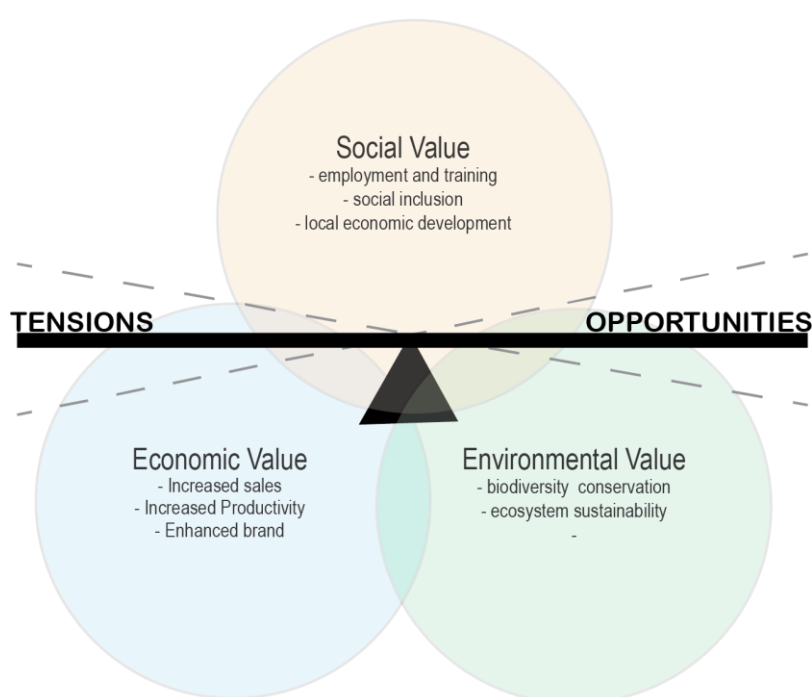
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<sup>4</sup> Cadman, R. & Bildfell, D. (2012, 4 December) Putting Shared Value into Practice. *Stanford Social Innovation Review* [web log post]. Retrieved from [http://www.ssireview.org/blog/entry/putting\\_shared\\_value\\_into\\_practice](http://www.ssireview.org/blog/entry/putting_shared_value_into_practice)

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practice many impact assessments still omit the consideration of social issues altogether, or consider a very narrow range of issues. This reality is clearly far removed from a shared value approach to considering social impact.

The complexities of integrating shared value thinking and practice into project planning and development are very real, and capacity needs to be built around *how* to do this in actual project settings. This takes time and will only happen through doing it 'for real' and demonstrating the benefits to stakeholders. This is not a framework for the feint-hearted, and we are not suggesting any of this is straightforward. Balancing the inevitable tensions and opportunities (see figure 2) is a skill that we as individual professionals and the planning and development sector as a whole will only develop through practice.



*Figure 2: Generating shared value involves balancing both tensions and opportunities*

Shared value frameworks can be developed at both the project and the business level. Here we are primarily focusing on the project level. In this context, a pragmatic approach to getting started with integrating shared value thinking into your social impact assessment work is to look for an opportunity that relates to one aspect of a project.

That might mean, for example working with procurement staff to generate opportunities for local social businesses and social enterprises through the project delivery, and showing how this could actually strengthen the overall value proposition of the project for the developer and the community - ie. the developer may increase their chances of success in other contracts, and the community could benefit through increased opportunities for local employment and a stronger local economy. Or it could mean assessing how the inclusion of a local food system in housing estate plans could link to better health outcomes and thereby result in a stronger value

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proposition for potential purchasers - ie. purchasers may be more attracted to an estate where farmers markets and community gardens are integrated into the design, and the developer may thereby increase sales, and potentially also increase their sustainability ratings for their projects<sup>5</sup>.

There is no one way to generate shared value, its dimensions are context-specific and dependent on the unique combination of assets and resources available to any particular project (similarly, the tools that will be useful for communicating the impact of a particular activity will also vary). Staged approaches that focus on utilising the assets and resources<sup>6</sup> that *are* available (rather than dreaming about those we'd like to have), are essential. This approach starts to generate awareness of how social value can be created, and to build confidence amongst project teams, clients and community members about how to work through a shared value framework.

### **Brief examples**

A critical consideration is bringing the shared-value perspective to the table as early as possible in the planning and/or development process. This allows the project team, stakeholders and community members to apply their diverse knowledge and expertise to identifying where the opportunities may lay for creating shared value. We've included the two examples below to illustrate how generating social benefits can be integrated with improving economic value and environmental impacts.

#### **The Loop Community Precinct - Belconnen Markets Redevelopment<sup>7</sup>**

The *loop* aims to demonstrate ecologically sustainable development (ESD) principles by activating 'lost spaces' that encourage healthy 'walkable' lifestyles within the existing urban boundary of the city. The original concept was to develop a vacant block that was being used as a gravel car park at the Belconnen Fresh Food Markets, but this was expanded to master planning scale due to the potential shared value identified.

The *loop* is a 40,000 sqm precinct that includes 338 apartments, 8,575 sqm of office space, plus space for retail, restaurants, cafes and speciality stores. It will improve and expand the role of the existing Belconnen Markets by providing small-scale retail and office tenancies, a new central park, affordable and sustainable housing, and a program of healthy community activities. Major savings will be achieved by providing new housing within the existing urban area which will utilise existing infrastructure, services, transport, education, health and open space. In turn, occupants will benefit from cost savings associated with ease of access and close proximity to these services and facilities

Amongst the project's successes are included:

<sup>5</sup> If they were, for example, using the Greenstar Community Ratings system - <http://www.gbca.org.au/green-star/green-star-communities/rating-tool/>

<sup>6</sup> For a rounded discussion on asset-based community development concepts see O'Leary, T., Burkett, I. and Braithwaite, K. (2010) *Appreciating Assets: Asset Based Community Development*. Carnegie UK Trust & International Association for Community Development. Retrieved from <http://www.carnegieuktrust.org.uk/getattachment/aedb15fb-a64a-4d71-a2d6-e8e6e865319b/Appreciating-Assets.aspx>

<sup>7</sup> See <http://www.healthypaces.org.au/site/casestudies.php?task=show&id=41> and <http://www.rockdevelopmentgroup.com.au/loop>

- the integration within the precinct of multi-use buildings including offices, small-scale retail, markets, community facilities, residential uses;
- a 24/7 active public realm as its fundamental and primary urban framework;
- 'grass roots' business and retail opportunities for enterprising individuals and businesses i.e. non corporate based, with opportunities for nurturing local businesses;
- locally developed and locally designed, by a locally based consultant team;
- the precinct is located within walking distance of major employment, retail, community, education, health and recreation facilities; and
- the inclusion of child's play and child friendly spaces throughout the *loop*.



*Bonnyrigg Living Communities – training & employment for local residents  
(photo accessed from: [www.newleafcommunities.com.au](http://www.newleafcommunities.com.au))*

### **Bonnyrigg Living Communities Project<sup>8</sup>**

The redevelopment of the Bonnyrigg housing estate in South West Sydney is a major long-term project, involving a significant public-private partnership, with contracts extending for up to 30 years (2007-2037). In 2007 a consortium of five companies was chosen by Housing NSW to manage the 'Bonnyrigg Community Living Project' (BCLP), a \$733 million redevelopment involving the integrated physical and social renewal of an 81 hectare site.

Newleaf Community Renewal (NCR) was established by two of the project partners, as a joint venture non-profit company that would undertake the project's community renewal services. In 2008 NCR also established 'Green Wings' social enterprise (with initial Commonwealth Government funding), to provide supported work placements in property care services for the local community. NCR and Green Wings were established outside the requirements of the project, as an initiative of the consortium to share value with the local community and to generate income that would secure long term support for community development work in the Bonnyrigg local area.

Green Wings has achieved viability and managed to attract contracts from within the project partnership, external organisations and local government across the South West Sydney region. It is also working with the local TAFE Institute and other local

<sup>8</sup> See <http://www.housing.nsw.gov.au/Changes+to+Social+Housing/Redevelopment/Bonnyrigg+Living+Communities+Project/> and <http://www.newleafcommunities.com.au>

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partners to deliver two certificate training programs for local job seekers, both of which offer employment pathways on successful completion.

The length of the contracts and the location of this project, in an area with one of the lowest SEIFA (Socio-Economic Index for Area) scores in NSW, have provided opportunities to go beyond just managing negative or unintended consequences that may arise from the project, to proactively targeting social disadvantage and contributing to a sustainable local economy.

### **Conclusion**

Planning and development professionals are well-placed to champion the integration of shared value concepts into project conception and delivery, and to develop the capacity of project teams to engage with shared value concepts. For planning and development businesses, shared value points the way to opportunities for enhancing reputations and strengthening business models, by moving beyond just 'delivering' economic, social and environmental value to integrating their dynamic interaction into the core of the business.